

Income and Expense Glossary Terms

A

Annual Rent: This is the annual gross rent received for the calendar year during the period from January 1st through December 31st.

E

Escalation Clause: This is the amount in dollars of adjustment to base rent either pre-set or tied to the inflation index. For tenants subject to escalation clauses related to taxes or operating expenses, indicate the terms. Use the comments section for elaboration.

F

Free Rent : This is a rent concession in the form of free rent usually for a time period and determined at the beginning of the lease.

G

Gross: A gross lease is when the lessor or landlord is responsible for all property operating expenses such as real estate taxes, maintenance, utilities, etc.

L

Lease: This is a contract between a property owner (lessor/landlord) and the tenant (lessee). The lease sets forth the length of time the contract is to run, the amount to be paid by the lessee for the right to use the property, and other rights and obligations of the parties.

Leased area (Sq. Ft.): This is usually the floor area that is occupied by the tenant. It is usually recorded on the lease in square footage.

M

Monthly Rent: Indicates the monthly rent for leased areas as of January 1st of the reported year.

N

Net: This references a net lease, where the lessee assumes payment of some of the property operating expenses, such as taxes, insurance, maintenance.

NNN: This is an acronym for a triple net lease. Tenant pays all operating expenses related to the property.

O

Overage : This is an additional fee or rental income added to the lease terms. This is usually based on a percent of sales or income.

P

Percentage Rent: A lease that provides for rent based on a percentage of business income or retail sales level.

R

Renewal Option: A lease provision that gives the tenant the right to extend a lease at the expiration of a primary term of previously executed renewal period. The amount of rent, and other provisions may be set at the time of the original execution of the lease, or may be negotiable at the time of renewal.

Reserve for Replacement: This is an allowance in the annual operating statement to provide for replacement of shorter life items.

T

TAW: This is an acronym for "tenant at will". The agreement is usually on a month-to-month term and can be terminated by either the tenant or landlord at will.

Tenant Name: This is the name of the lessee who occupied the unit as of January 1st. For any space that is vacant, write "vacant". Indicate any areas that are occupied by the owner of the building.

Total Collection Loss: This indicates the total amount of revenues lost due to bad debt and collection losses for the calendar year.

Total Concessions: This indicates the total amount of revenue foregone through rent concessions (free rent) for the calendar year.

Total Other Income: This indicates the total amount of miscellaneous income not listed elsewhere derived from the property for the calendar year.

Total Parking Income: This indicates the total amount of parking income collected from the property for the calendar year.

Total Potential Gross Income: This indicates the total amount of income that the property would have generated during the calendar year if all units or area are at full occupancy.

Total Rent Collected: This indicates the total amount of miscellaneous income derived from the property during the calendar year.

Total Vacancies: This indicates the total amount of revenue loss due to vacancies in the calendar year.

U

Use: Examples of uses include business activities such as retail, restaurant, office, warehouse, manufacturing, etc.